

IMBABAZANE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2008

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GENERAL INFORMATION**MEMBERS OF THE EXECUTIVE COMMITTEE**

Cllr. H.E. Dlamini
Cllr. S.A. Jiyane
Cllr. P.G. Strydom

Mayor
Deputy Mayor
Exco

SPEAKER OF COUNCIL
Cllr.S.E Mbatha

Total number of councilors: 23

GRADING OF THE LOCAL MUNICIPALITY
Grade 2
(As per councillor remuneration grading)

AUDITORS
The Auditor-General

BANKERS
ABSA - Public Sector, Newcastle

REGISTERED OFFICE
Ntabamhlophe
Sobabilli Area
Estcourt, 3310

P.O. Box 750
Estcourt
3310

Telephone (036) 353 0625/81/91/93
Fax (036) 353 6661

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 1 to 22 were approved by the Municipal Manager on 29 August 2008 and be presented Council in September 2008.

.....
MUNICIPAL MANAGER

Mr R. Ferguson (Effective date: August 2008)

.....
CHIEF FINANCIAL OFFICER

Mr M.T. NKOSI(Effective Date: FEBRUARY 2006)

Councillor H.E. Dlamini

MAYORS FOREWORD

TREASURER'S REPORT

2007/2008 YEAR REVIEW

Background

Imbabazane Local Municipality is a grade one Local Municipality within the uThukela District Municipality. It covers six traditional authority areas. The Municipality has been in existence for Six and the half years and has 11 wards with 23 councillors. The municipality is mainly rural and has no revenue.

Challenges

The municipality has successfully implemented the financial management system to keep the financial records. The municipality has no revenue base and it relies on grant funding to finance its programmes.

Annual Financial Statements and Audit Reports

Previous year financial statements were submitted on due date , and the municipality has employed service provider to assist in the compilation of financial statements for 2007/2008 financial year. The internal audit function has been performed during the year

Summary Financial Review

Income received for this period has increased compared to the previous financial year. Interest on investment has been recognised.

These financial statements represent the financial performance and operating results of the Imbabazane Local Municipality for the period ending 30 June 2008.

1. OPERATING RESULTS

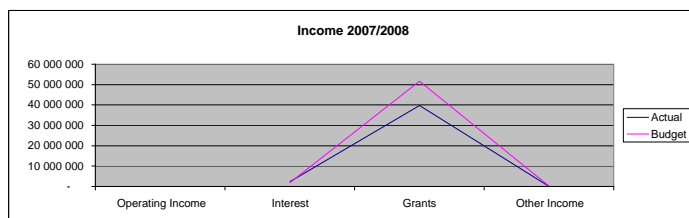
Details of the operating results per department and classification of income and expenditure are included in appendices D and E. The overall operating results for the period ending 30 June 2008 are as follows:

INCOME	Actual 2008 R	Budget 2008 R	Variance Actual/ Budget %	Actual 2007 R	Variance 07 Actual/ 08 Actual %
Operating income for the period	42 214 058	53 681 931	-21.4%	54 200 710	-22.1%
Closing deficit	-	-	-	-	-
	42 214 058	53 681 931		54 200 710	
EXPENDITURE					
Expenditure for the period	40 459 711	53 681 931	-24.6%	54 563 528	-25.8%
Closing Surplus	1 754 347			(362 818)	
	42 214 058	53 681 931		54 200 710	

2. INCOME

Details of income per department and classification are included in appendix D.

	Actual 2008	Budget 2008	Variance Amount	2008 Variance %
Operating Income	2 406 641	1 847 723	558 917.88	
Interest	39 750 091	51 701 208	-11 951 117.12	-23.1%
Grants	57 326	133 000	-75 673.95	
Other Income				
	42 214 058	53 681 931	-11 467 873.19	-21.4%



2.1 Grants and Subsidies

(See Appendix A and D for more information)

2.2 Operating Income

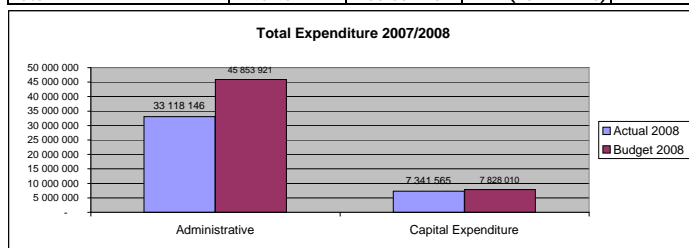
(Refer to Appendix D for more details).

3. EXPENDITURE

3.1 Total Expenditure

Details of income department and classification are included in appendix D.

	Actual 2008	Budget 2008	2008 Variance Amount	2008 Variance %
Administrative	33 118 146	45 853 921	(12 735 775)	-27.77%
Capital Expenditure	7 341 565	7 828 010	(486 445)	0.00%
Total	40 459 711	53 681 931	(13 222 220)	-24.63%



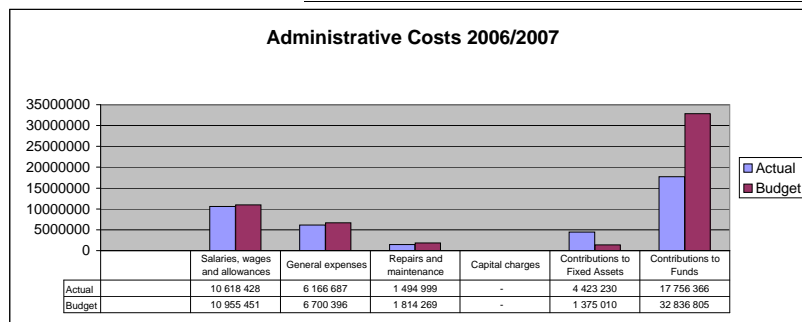
3.2 Administrative Expenditure

Administrative expenditure for the period are as follows:

	Actual 2008	Budget 2008	Variance 2 008	Variance % 2008
Administrative	33 118 146	45 853 920	-12 735 774	-27.77%

Administrative expenditure as per classification are as follows:

	2008 Actual	2008 Budget	2 008 Variance	2 008 Variance %
Salaries, wages and allowances	10 618 428	10 955 451	(337 023)	-3.08%
General expenses	6 166 687	6 700 396	(533 709)	-7.97%
Repairs and maintenance	1 494 999	1 814 269	(319 270)	-17.60%
Capital charges	-	-	-	0.00%
Contributions to Fixed Assets	4 423 230	1 375 010	3 048 220	221.69%
Contributions to Funds	17 756 366	32 836 805	(15 080 439)	-45.93%
	40 459 711	53 681 931	(13 222 220)	1



4. CAPITAL EXPENDITURE (FIXED ASSETS)

The expenditure on fixed assets incurred during the year amounted to R 1,655,633 which consisted mainly of Civic Buildings, Vehicles Equipment.

Details are reflected in Appendix C

Resources used to finance the fixed assets were as follows:

Contributions from operating income	7 341 565
Revenue	7 341 565
	<u>-</u>

5. EXTERNAL LOANS, INVESTMENTS AND CASH

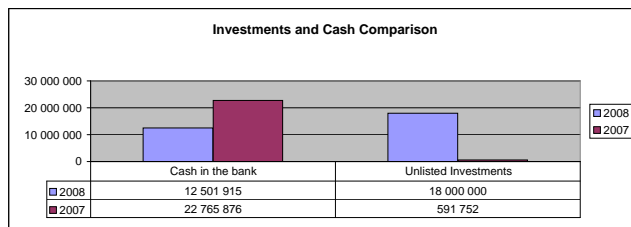
5.1 External loans

No external loans were taken up for the municipal functions during the period and none were transferred from uThukela District. Details of external loans are included in appendix A.

5.2 Investments and Cash

All available cash was held in Council's Bank account at 30 June 2008 amounting to (refer to notes 7 and 20 for more details):

	2008	2007	Change %
Cash in the bank	12 501 915	22 765 876	-45%
Unlisted Investments	18 000 000	591 752	2942%
	30 501 915	23 357 628	



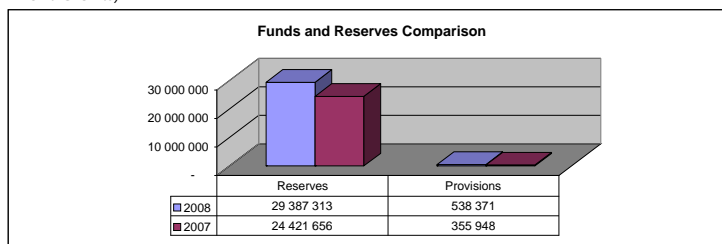
There were no withdrawals during the year.

6. FUNDS AND RESERVES

Funds reserves and provisions may be summarized as follows:

	2008	2007	Change %
Reserves	29 387 313	24 421 656	20%
Provisions	538 371	355 948	51%
	29 925 684	24 777 604	

Trust fund (Government Grants)



7. GOING CONCERN

In management's view the Imbabazane Local Council will be in continuous existence in the foreseeable future and expected to uplift standard of living within it's area of operation. But it should be noted that this Municipality is depending on grants from government at the moment.

EXPRESSION OF APPRECIATION

I wish to thank the Mayor, members of the Executive Committee, Councillors, the Municipal Manager, Heads of Departments and especially the staff in the financial department for the support they have given me.

M.T NKOSI
Chief Financial Officer
Imbabazane Municipality

IMBABAZANE MUNICIPALITY

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2008

1 BASIS OF PRESENTATION

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting
- 1.3 The financial statements are prepared on the accrual basis as stated:
- (i) Income is accrued when available to finance operations. Certain direct income is accrued when received and /or when the amount can be measured with certainty.
 - (ii) Expenditure is accrued in the year it is incurred.
- 1.4 All amounts disclosed in these Financial Statements are rounded off to the nearest Rand, but actual amounts were used in the

2 CONSOLIDATION

No consolidated financial statements have been prepared for the year under review.

3 FIXED ASSETS

- 3.1 *Fixed assets are stated:*
- (i) at historical cost, or
 - (ii) at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Chief Financial Officer.
- 3.2 *Depreciation*
- The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:
- (i) Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
 - (ii) Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other capital Receipts" account.
- 3.3 Fixed assets are financed from different sources, including external loans, operating income and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4 STOCK

Stock is purchased on a need basis, and the balance on hand at year end is accounted for as expenditure.

5 FUNDS AND RESERVES

5.1 Leave Provision

A provision equal to the actual leave credit as at 30 June 2008 is maintained to provide for leave payments on request. Contributions are made from the operating account.

5.2 Bad Debt Provision

Bad debts have not been provided for in the annual financial statements.

6 RETIREMENT BENEFITS

Imbabazane Municipality and its employees contribute to the Natal Joint Municipal Pension Fund or the KwaZulu-Natal Joint Municipal Provident Fund which provides retirement benefits to such employees. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No. 24 of 1973) and in accordance with the requirements of the Pensions Fund Act, 1956. Current contributions are charged against operating income on the basis of current service costs.

Full actuarial valuations are performed at least every three years. The last valuation was done on 31 March 2007.

7 LEASED ASSETS

Leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

8 INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested in securities as prescribed by section 125 of the Local Authorities Ordinance, 1974 (Ordinance No. 25 of 1974) and section 10G(9) of the Local Government Transition Act, 1993 (Act No. 209 of 1993).

9 INCOME RECOGNITION

9.1 Grant income

Grant income is recognised on receipt thereof.

10 SURPLUSES AND DEFICITS

The Unappropriated Surplus is maintained as an Operating cash reserve, to fund expenditure during the financial year, prior to the collection of revenue.

It may also be utilised to fund projects that the council may deem necessary to fund.

IMBABAZANE MUNICIPALITY

BALANCE SHEET AS AT 30 JUNE 2008

	Notes	2008 R	2007 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		29 387 313	25 153 200
Reserves	1	29 387 313	25 153 200
RETAINED SURPLUS	9	3 825 993	2 580 306
		33 213 305	27 733 506
LONG TERM LIABILITY	14	0	495 633
		33 213 306	28 229 139
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	2	-	593 868
INVESTMENTS	8	18 000 000	591 752
		18 000 000	1 185 620
NET CURRENT ASSETS / (LIABILITIES)		15 213 306	27 043 520
CURRENT ASSETS		15 756 213	28 567 058
Inventory		-	-
Current Debtors	3	3 254 298	5 801 182
Cash resources	13	12 501 915	22 765 876
CURRENT LIABILITIES		542 908	1 523 538
Provisions	4	538 371	355 948
Current Portion of Long Term Liability	14	-	98 235
Creditors	6	4 537	1 069 355
		33 213 306	28 229 140
-0			

**INCOME STATEMENT FOR THE YEAR
ENDED 30 JUNE 2008**

2007 Actual income	2007 Actual expenditure	2007 Surplus / (Deficit)	2007 Budget Surplus / (Deficit)		2008 Actual income	2008 Actual expenditure	2008 Surplus / (Deficit)	2008 Budget Surplus / (Deficit)
R	R	R	R		R	R	R	R
54 200 711	54 563 529	(362 818)	362 817	GENERAL SERVICES	42 214 058	40 459 711	1 754 347	(1 754 347)
54 200 711	54 563 529	(362 818)	362 817	- Community Services	42 214 058	40 459 711	1 754 347	(1 754 347)
-	-	-	-	- Subsidised Services	-	-	-	-
-	-	-	-	- Economic Services	-	-	-	-
-	-	-	-	TRADING SERVICES	-	-	-	-
-	-	-	-	- Trading Services	-	-	-	-
54 200 711	54 563 529	(362 818)	362 817	TOTAL	42 214 058	40 459 711	1 754 347	(1 754 347)
		-		Appropriations for this period			(508 661)	
		(362 818)		(refer to note 9)				
		2 943 124		Net deficit for the period			1 245 686	
		2 580 306		Accumulated surplus beginning of the period			2 580 306	
				ACCUMULATED SURPLUS AT THE END OF THE PERIOD			3 825 992	

(Refer to appendix D and E for more detail)

(Refer to appendix D and E for more detail)

IMBABAZANE MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR

ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH RETAINED FROM OPERATING ACTIVITIES		15 127 575	32 558 284
Cash generated by operations	10	11 337 104	34 356 488
Investment Income	8	2 406 641	127 765
Decrease in working capital	11	1 383 830	(1 925 971)
		15 127 575	32 558 283
Less: External interest paid		-	-
Cash utilised by operations		15 127 575	32 558 283
Contributions from Public or Government		-	-
CASH UTILISED IN INVESTING ACTIVITIES	2	(7 341 565)	(11 444 290)
Investment in Fixed Assets		(7 341 565)	(11 444 290)
NET CASH FLOW		7 786 010	21 113 993
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/ (Decrease) in long-term Loans	14	(593 868)	(593 868)
(Increase)/ Decrease in Cash Investments	12	(17 408 248)	1 149 729
Increase/ (Decrease) in Deposits		-	-
(Increase)/ Decrease in Cash	13	10 216 106	(21 669 852)
NET CASH GENERATED		(7 786 010)	(21 113 991)

IMBABAZANE MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
1. RESERVES		
FREE BASIC SERVICES	12 830	37 967
LEDF	15 231	15 231
LUMS GRANT	513 210	120 632
LEDF	5	5
MINI FACTORY	5 277	5 277
FREE BASIC ELECTRICITY	485 430	0
MAP	113 468	0
ROAD PROJECTS	1 961	1 961
MAYORAL INAUGURATION	0	0
CDW	262	0
PMS	64	282 174
FINANCIAL INTERNS	46 518	78 430
ENVIRONMENTAL PLANNING	0	0
CROSS SECTORIAL THEM	0	0
PROPERTY RATES ACT	195 782	84 608
HALLS MAINTANANCE	0	0
LOW COST HOUSING	0	0
CCI	0	0
COMMUNITY PROJECTS	31 453	132 578
SPORTS AND RECREATION	0	0
SPATIAL PLANNING	0	0
KZN PANEL SUPPORT	185 960	185 960
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	5 965 393	3 645 244
SOCIAL SERVICES	0	0
CRIME AWARENESS	0	0
YOUTH/GENDER	0	0
HIV/AIDS AWARENESS	0	0
SCHOOL SUPPORT	0	0
LIBRARY	352 248	129 147
MUNICIPAL ESTABLISHMENT	2 094	2 094
GIS	0	0
MFMA	45 000	60 000
PMS	0	0
LED PROJECTS GUJIMA	0	0
MATHEBENI ROAD	0	0
THAMELA ROAD	0	0
HOUSING ZWELISHA/CR	0	0
HOUSING LOCH-SLOY	0	0
HOUSING SOBABILI	0	0
HOUSING GOODHOME	0	0
HOUSING PHANGWENI	0	0
HOUSING MQEDANDABA	0	0
INPUT VAT	0	0
SATELLITE OFFICE	2 550	2 550
IDP GRANT	2 518	9 118
VAT SUSPENSE	0	0
GUJIMA AGRICULTURAL	310 502	310 502
GUJIMA TOURISM DEV	22 936	22 936
GUJIMA LOCAL ECONOMIC DEVE	0	0
WATER SURVEY	68 694	68 694
SETA	22 030	104 408
GRANT HOUSING	256 666	166 690
HOUSIGN/CROSS SECTION THEMES	13 935	63 125
MFMA - DTLGA	0	0
MFMA - NATIONAL TREASURY (FINANCIAL INTERNS)	0	52 423
INTERDEPARTMENTAL MONITORING GRANT	73 915	917 026
FINANCIAL SYSTEM GRANT	145 931	30 314
DEPARTMENT OF HOUSING	30 314	35 000
DBSA	35 000	0
CARRY OVER THAMELA ROAD	0	0
CARRY OVER MATHEMBENI ROAD	0	0
DTLGA DEVELOPMENT CAPACITATION GRANT	251 743	251 743

GIS A&L	136 034	136 034
HOUSING ZWELISHA	11 782 116	9 941 083
HOUSING LOCH-SLOY	7 816 386	7 816 386
HOUSING SOBABILI	0	0
HOUSING GOODHOME	83 860	83 860
MPCC OPERATIONAL SUPPORT	360 000	360 000
TRUST FUNDS	0	0
(Refer to appendix A for more detail)	29 387 313	25 153 200

2. FIXED ASSETS

Fixed assets at the beginning of the year	29 135 108	18 090 910
Capital expenditure during the year	7 341 565	12 038 158
Less :Assets written off, transferred or disposed of during the year	0	-993 960
Total fixed assets	36 476 673	29 135 108
Less : Loans redeemed and other capital receipts	36 476 673	28 541 240

Net fixed assets

0	593 868
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(Refer to appendix "C" and section 2 of the Treasurers Report of more details on fixed assets)

Fixed assets are resources owned by the Council from which future economic benefits are expected to flow. All assets are capitalised. Fixed assets are financed by grants, subsidies and revenue.

Asset additions schedule have been prepared and will be brought into account at the end of the financial year.

3. DEBTORS

Sundry debtors	62 231	240 119
Arrears owed by councillors	177 614	
Receiver Of Revenue	556 289	1 727 398
Funds and Reserves		731 544
Accrued Income - Interest on Investment	17 502	7 947
Salary advance	0	0
uThukela Debtor (investment & Cash)	2 440 662	3 094 174
Total	3 254 298	5 801 182

IMBABAZANE MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
4. PROVISIONS		
Audit fees	0	0
Leave Pay	538 371	355 948
Performance Bonus	0	0
	<u>538 371</u>	<u>355 948</u>
5. CREDITORS		
Sundry Creditor	4 537	84 977
Accruals	0	913 765
Stale Cheques	0	70 613
Salaries Suspense	0	0
	<u>4 537</u>	<u>1 069 355</u>
6. Councillors' Allowances and Senior Officials		
Mayor's Allowances	200 471	217 430
Deputy Mayor's Allowance	288 343	220 206
Executive Committee Allowance	197 812	203 897
Speaker Allowance	209 874	204 118
Councillor's Allowance	2 800 736	2 697 515
	<u>0</u>	<u>0</u>
	<u>3 697 236</u>	<u>3 543 166</u>
The above allowances includes contributions to Pension Fund, Telephone Allowance, Traveling allowance and contribution for personal use.		
Salaries costs for Senior Officials		
Municipal Manager	254 232	254 232
Chief Financial Officer	107 590	107 590
Corporate Services Manager	262 608	262 608
Technical Services Manager	65 654	65 654
	<u>690 084</u>	<u>690 084</u>
7. AUDITORS REMUNERATION		
Paid During the year	418 846	35 512
Prior Year	35 512	86 000
	<u>454 358</u>	<u>121 512</u>

8. INVESTMENTS

16

Opening balance	591 752	1 741 480
Contribution during the year	-591 752	-1 237 947
Investment made	18 000 000	88 219
	18 000 000	591 752

The investment account comprises a fixed deposit account held with ABSA bank.

Interest Earned	2 406 641	127 765
Interest paid	0	0
	2 406 641	127 765

9. APPROPRIATIONS

Net Appropriation account

Accumulated surplus/(deficit) at the beginning of the period	2 580 306	2 943 124
Operating deficit/surplus for the period	1 245 686	-362 818
Appropriations for the year	1 245 686	-362 818
Prior Year adjustments	0	0

Accumulated surplus at the end of the period

3 825 992	2 580 306
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Operating account

Capital expenditure	7 341 565	12 038 158
Contributions to:	185 283	87 739
- Audit Provision	0	0
- Leave Pay	185 283	87 739
- Performance Bonus	0	0
	7 526 848	12 125 897

IMBABAZANE MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
10. CASH GENERATED BY OPERATIONS		
Net surplus (deficit) for the year	1 754 347	-362 817
Adjustment for:		
Appropriations for previous year	-508 661	
Appropriations charged against income	7 341 565	12 038 158
Capital Development fund	0	0
Provisions and reserves		
Fixed Assets	7 341 565	12 038 158
Leave Provisions	0	0
Investment Income	-2 406 641	-127 765
Operating income		
Grants and Subsidies	0	0
Operatging Income	0	0
Other Income	0	0
Reserves	0	0
Non operating expenditure	0	0
Other expenditure		
Trust Funds	4 974 071	22 609 527
Provisions & Reserves	182 423	199 385
Grants		
Sale of Assets	0	0
Operating surplus before working capital changes	<u><u>11 337 104</u></u>	<u><u>34 356 488</u></u>
11. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in stock	0	0
(Increase) in debtors	2 546 884	-2 995 326
(Increase)/decrease in deposits	0	0
(Increase) in creditors	-1 163 053	1 069 355
	<u><u>1 383 830</u></u>	<u><u>-1 925 971</u></u>

12. (INCREASE)/DECREASE IN INVESTMENTS

Investment beginning of the year	591 752	1 741 481
Investment end of the year	18 000 000	591 752
Net increases in cash equivalents	<u><u>-17 408 248</u></u>	<u><u>1 149 729</u></u>

13. (INCREASE)/ DECREASE IN CASH ON HAND

Cash balance beginning of the year

-Cash on hand	22 718 021	1 096 024
-Cash in bank	1 000	1 000
-Cash in bank	120 100	120 100
-Cash in bank	-137	-137
	<u>22 597 058</u>	<u>975 061</u>

Less: Cash balance at the end of the period

-Cash on hand	12 501 915	22 765 876
-Cash at Bank	1 000	1 000
-Cash at Bank	119 280	120 100
-Cash at Bank	-137	-137
-Cash at Bank	177 840	47 855
-Cash at Bank	<u>12 203 932</u>	<u>22 597 058</u>
	<u><u>10 216 106</u></u>	<u><u>-21 669 852</u></u>

14. (INCREASE)/DECREASE IN LONG-TERM LOANS (EXTERNAL)

Loans Raised	0	601 500
Loans Repaid	593 868	7 632
	<u><u>-593 868</u></u>	<u><u>593 868</u></u>

Current Portion of Long Term Liability

	<u><u>98 235</u></u>
	<u><u>495 633</u></u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
15. RETIREMENT BENEFITS		
Employees belong to the following funds within the Natal Joint Municipal Pension/Provident Funds which provide retirement benefits to such employees. This is a compulsory benefit.		
(i) Natal Joint Municipal Pension Fund (retirement)		
(ii) Natal Joint Municipal Pension Fund (superannuation)		
(iii) Natal Joint Municipal Pension Fund (provident)		
(iv) Municipal Councillors Pension Fund		
The retirement plan is subject to the Pension Fund Act 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.		
Full actuarial valuation are performed at least every three years. The latest independent valuation of the funds, which indicated that the funds were in a sound financial position, was undertaken on 31 March 2007.		
Imbabazane Municipality and the employees contribute to the Natal Joint Municipal Pension fund and councilors contributing to Municipal Councilors Pension Fund.		
The percentage contribution on basic salary / allowances are as follows:		
Council		
Staff Members - 18%		
Council		
Councillors		
16. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for	26 052 176	21 667 893
Approved but not yet contracted for	0	0
	<u>26 052 176</u>	<u>21 667 893</u>
This expense will be financed from:		
Contributions ex Revenue	0	0
External sources grants	26 052 176	21 667 893
Contributions to buildings	0	0
	<u>26 052 176</u>	<u>21 667 893</u>
17. CONTINGENT LIABILITY		
At the end of financial year there was a court case still in progress with an estimated cost at the completion of the case of around R70 000.		
18. SOURCE OF GRANT FUNDING		
Grants received for capital expenditure in appendix C was received from Provincial Government to be used for infrastructural programmes, and had been used accordingly.		

IMBABAZANE MUNICIPALITY

APPENDIX A

RESERVES AND PROVISIONS

	Balance at 01/7/2007 R	Contributions during the period R	Interest on investment R	Other income R	Operational expenditure during the period R	Capital expenditure during the year R	Balance at 30/06/2008 R
RESERVES							
FREE BASIC SERVICES	37 967	1 098 527	-	-	1 123 664		12 830
LEDF	15 231	-	-	-	-		15 231
LUMS GRANT	120 632	392 578	-	-	-		513 210
LEDF	5	3 000	-	-	3 000		5
MINI FACTORY	5 277	-	-	-	-		5 277
FREE BASIC ELECTRICITY	(439 977)	3 311 907	-	-	2 386 500		485 430
MAP	(263 316)	731 095	-	-	354 311		113 468
ROAD PROJECTS	1 961	-	-	-	-		1 961
MAYORAL INAUGURATION	-	-	-	-	-		-
CDW	(28 250)	45 500	-	-	16 988		262
PMS	282 174	96 000	-	-	378 110		64
FINANCIAL INTERNS	78 430	575 537	-	-	607 449		46 518
ENVIRONMENTAL PLANNING	-	-	-	-	-		-
CROSS SECTORIAL THEM	-	-	-	-	-		-
PROPERTY RATES ACT	84 608	468 125	-	-	356 951		195 782
HALLS MAINTANANCE	-	-	-	-	-		-
LOW COST HOUSING	-	-	-	-	-		-
CCI	-	-	-	-	-		-
COMMUNITY PROJECTS	132 578	2 280 000	-	-	2 381 125		31 453
SPORTS AND RECREATION	-	-	-	-	-		-
SPATIAL PLANNING	-	-	-	-	-		-
KZN PANEL SUPPORT	185 960	-	-	-	-		185 960
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	3 645 244	4 741 000	-	-	-	2 420 851	5 965 393
SOCIAL SERVICES	-	-	-	-	-		-
CRIME AWARENESS	-	-	-	-	-		-
YOUTH/GENDER	-	-	-	-	-		-
HIV/AIDS AWARENESS	-	-	-	-	-		-
SCHOOL SUPPORT	-	-	-	-	-		-
LIBRARY	129 147	3 914 608	-	-	-	3 691 507	352 248
MUNICIPAL ESTABLISHMENT	2 094	-	-	-	-		2 094
GIS	-	-	-	-	-		-
MFMA	60 000	-	-	-	15 000		45 000
PMS	-	30 000	-	-	30 000		-
LED PROJECTS GUIJA	-	-	-	-	-		-
MATHEBENI ROAD	-	-	-	-	-		-
THAMELA ROAD	-	-	-	-	-		-
HOUSING ZWELISHA/CR	-	-	-	-	-		-
HOUSING LOCH-SLOY	-	-	-	-	-		-
HOUSING SOBABILI	-	-	-	-	-		-
HOUSING GOODHOME	-	-	-	-	-		-
HOUSING PHANGWENI	-	-	-	-	-		-
HOUSING MOEDANDABA	-	-	-	-	-		-
INPUT VAT	-	-	-	-	-		-
SATELLITTE OFFICE	2 550	-	-	-	-		2 550
IDP GRANT	9 118	50 000	-	-	56 600		2 518
VAT SUSPENSE	-	-	-	-	-		-
GUIJA AGRICULTURAL	310 502	-	-	-	-		310 502
GUIJA TOURISM DEV	22 936	-	-	-	-		22 936
GUIJA LOCAL ECONOMIC DEVE	-	-	-	-	-		-
WATER SURVEY	68 694	-	-	-	-		68 694
SETA	104 408	-	-	-	82 378		22 030
GRANT HOUSING	166 690	89 976	-	-	-		256 666
HOUSIGN/CROSS SECTION THEMES	63 125	-	-	-	49 190		13 935
MFMA - DTLGA	-	-	-	-	-		-
MFMA - NATIONAL TREASURY (FINANCIAL INTERNS)	52 423	-	-	-	52 423		-
INTERDEPARTMENTAL MONITORING GRANT	917 026	-	-	-	843 111		73 915
FINANCIAL SYSTEM GRANT	30 314	115 617	-	-	-		145 931
DEPARTMENT OF HOUSING	35 000	-	-	-	4 686		30 314
DBSA	-	35 000	-	-	-		35 000
CARRY OVER THAMELA ROAD	-	-	-	-	-		-
CARRY OVER MATHEMBENI ROAD	-	-	-	-	-		-
DTLGA DEVELOPMENT CAPACITATION GRANT	251 743	-	-	-	-		251 743
GIS A&L	136 034	-	-	-	-		136 034
HOUSING ZWELISHA	9 941 083	5 583 480	-	-	-	3 742 447	11 782 116
HOUSING LOCH-SLOY	7 816 386	-	-	-	-		7 816 386
HOUSING SOBABILI	-	-	-	-	-		-
HOUSING GOODHOME	83 860	-	-	-	-		83 860
MPCC OPERATIONAL SUPPORT	360 000	-	-	-	-		360 000
TRUST FUNDS	-	-	-	-	302 000	-302 000.00	-
	24 421 656	23 561 949	-	-	9 043 487	9 552 805	29 387 313
PROVISIONS							
AUDIT FEE	-	762	-	-	762	-	-
LEAVE PROVISIONS	355 948	185 283	-	-	2 860	-	538 371
PERFORMANCE BONUS	-	-	-	-	-	-	-
	355 948	186 046	-	-	3 622	-	538 371
TOTAL	24 777 604	23 747 994	-	-	9 047 110	9 552 805	29 925 684

IMBABAZANE MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance at 01 July 2007 R	Received during the period R	Redeemed or written off during the period R	Balance at 30 June 2008 R
EXTERNAL LOANS				
Annuity Loans	-	-	-	-
Fixed Loans	593 868	-	593 868	0
	<u>593 868</u>	<u>-</u>	<u>593 868</u>	<u>0</u>

IMBABAZANE MUNICIPALITY

APPENDIX C : ANALYSIS OF FIXED ASSETS

Expenditure 2007 R		Budget 2008 R	Balance at 01.07.2007 R	Expenditure 2008 R	Written off transferred R	Balance at 30.06.2008 R
12 038 159	General Services	7 828 010	29 135 109	7 341 565	0	36 476 674
12 038 159	Community Services	7 828 010	29 135 109	7 341 565	0	36 476 674
0	Administration	0	19 439	0	0	19 439
0	Buildings	6 450 000	7 623 903	3 967 722	0	11 591 625
75 744	Furniture	0	304 748	443 418	0	748 166
601 500	Motor Vehicles	1 255 410	2 120 126	184 310	0	2 304 436
399 208	Office Equipment	122 600	1 504 067	325 264	0	1 829 331
0	Council General Expenses	0	95 003	0	0	95 003
0	Municipal Manager	0	34 687	0	0	34 687
0	Finance	0	23 000	0	0	23 000
0	Planning	0	19 298	0	0	19 298
2 000 014	Halls	0	7 624 102	2 420 851	0	10 044 953
0	FBS,LUMS,CCI,LED, FBE	0	0	0	0	0
0	HOUSING Services	0	0	0	0	0
91 651	Plant & Equipment	0	896 694	0	0	896 694
8 870 042	Roads	0	8870042	0	0	8 870 042
0	Subsidised Services	0	0	0	0	0
0	Health & Refuse	0	0	0	0	0
0	Library	0	0	0	0	0
0	Economic Services	0	0	0	0	0
0	Cleansing	0	0	0	0	0
0	Sewerage	0	0	0	0	0
0	HOUSING	0	0	0	0	0
0	Economic	0	0	0	0	0
0	Sub-Economic	0	0	0	0	0
0	TRADING SERVICES	0	0	0	0	0
0	Electricity	0	0	0	0	0
0	Water	0	0	0	0	0
0	PUBLIC IMPROVEMENT	0	0	0	0	0
0	FUND	0	0	0	0	0
12 038 159	TOTAL FIXED ASSETS	7 828 010	29 135 109	7 341 565	0	36 476 674
11 444 290	LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		28 541 240	7 935 433	0	36 476 673
0	Loans redeemed		0	0	0	0
340 166	Contributions from ex operating income		4 210 110	4 423 230	0	8 633 340
11 096 492	Grants & Subsidies		22 839 498	2 420 851	0	25 260 349
0	Donations		1 484 000	497 483	0	1 981 483
7 632	EXTERNAL LOAN		7 632	593 868	0	601 500
0	Contribution from Equity. Reserve		0	0	0	0
0	Contributions for CBPW - PIA		0	0	0	0
0	Public Contributions		0	0	0	0
0	Miscellaneous		0	0	0	0
593 869	NET FIXED ASSETS		593 869	-593 868	0	1

IMBABAZANE MUNICIPALITY

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDING 30 JUNE 2008

Actual 2007 R		Actual 2008 R	Budget 2008 R
	INCOME		
	Government and Provincial grants and subsidies		
53 762 120		39 750 091	51 701 208
19 817 496	- Equitable share	28 146 869	22 563 000
33 944 624	- National / Provincial Government	11 603 222	29 138 208
-	- Public / Local Government	-	-
-	Operating Income	-	-
-	- General Rates	-	-
-	- Rates Penalties	-	-
-	- Collection Charges	-	-
-	- Electricity services	-	-
-	- Refuse Removal	-	-
-	- Refuse Penalties	-	-
310 825	Other income	57 326	133 000
81 405	- Rent Income	57 326	63 000
-	- Donation Received	-	-
-	- Discount Received	-	-
-	- Tender Monies	-	70 000
229 420	- Proceeds from sale of Assets	-	-
-	- Surplus Funds	-	-
-	- Equity Share	-	-
-	- Sundry income	-	-
127 765	Interest earned	2 406 641	1 847 723
54 200 710	TOTAL INCOME	42 214 058	53 681 931
	EXPENDITURE		
	OPERATING EXPENDITURE		
10 030 952	Salaries, wages and allowances	10 618 428	10 955 451
4 837 272	General expenses	6 166 687	6 700 396
965 945	Repairs and maintenance	1 494 999	1 814 269
-	Capital charges	-	-
310 356	Contributions to fixed assets/ex revenue	4 423 230	1 375 010
38 419 003	Contributions to funds/capital	17 756 366	32 836 805
54 563 528	Gross operating expenditure	40 459 711	53 681 931
-	Less : Amounts recharged	-	-
54 563 528	Net operating expenditure	40 459 711	53 681 931
(362 818)	DEFICIT	1 754 347	-

IMBABAZANE MUNICIPALITY

APPENDIX E : DETAILED INCOME STATEMENT FOR THE YEAR ENDING 30 JUNE 2008

2007 Actual income R	2007 Actual expenditure R	Surplus/ (deficit) R		2008 Actual Income R	2008 Actual expenditure R	2008 Surplus/ (deficit) R	2008 Budget Surplus/ (deficit) R
54 200 711	54 563 529	-362 818	GENERAL SERVICES	42 214 058	40 459 711	1 754 347	53 681 931
54 200 711	54 563 529	-362 818	ADMINISTRATION	42 214 058	40 459 711	1 754 347	53 681 931
54 200 711	44 428 939	9 771 772	Council General Expenses	42 214 058	27 422 872	14 791 185	7 260 271
0	3 089 704	-3 089 704	Administration	0	4 055 417	-4 055 417	4 452 299
0	2 141 174	-2 141 174	Finance	0	3 075 369	-3 075 369	3 186 448
0	698 666	-698 666	Technical	0	1 029 062	-1 029 062	2 036 272
0	2 165 140	-2 165 140	Community Services	0	2 161 149	-2 161 149	1 509 371
0	2 039 906	-2 039 906	Municipal Manager	0	1 623 454	-1 623 454	1 408 465
0	0	0	Planning	0	0	0	0
0	0	0	MPCC	0	764 251	-764 251	992 000
0	0	0	Projects dept	0	328 136	-328 136	32 836 805
0	0	0	SUBSIDISED SERVICES	0	0	0	0
0	0	0	Library	0	0	0	0
0	0	0	ECONOMIC SERVICES	0	0	0	0
0	0	0	Sewerage Conservancy	0	0	0	0
0	0	0	Sewerage Reticulation	0	0	0	0
0	0	0	TRADING SERVICES	0	0	0	0
0	0	0	Water	0	0	0	0
0	0	0	Electricity	0	0	0	0
<u>54 200 711</u>	<u>54 563 529</u>	<u>-362 818</u>	TOTAL	<u>42 214 058</u>	<u>40 459 711</u>	<u>1 754 347</u>	<u>53 681 931</u>
		0	Appropriations for this year (refer to note)			-508 661	
		-362 818	Net deficit for the year			1 245 686	
		2 943 124	Accumulated surplus beginning of the year			2 580 306	
		<u>2 580 306</u>	Accumulated surplus end of year			<u>3 825 992</u>	

IMBABAZANE MUNICIPALITY

Appendix F

**Statistical Information
for the year ended 30 June 2008**

a) General Statistics

I	Population-Approximately	120000
II	Valuation of taxable and non taxable property	No
III	Date of last valuation	N/A
IV	Number of commercial and residential sites	0

b) Water Statistics

I	Number of users-commercial and residential	0
II	Kilolitres bought	0
III	Kilolitres sold	0
IV	Units lost in distribution	Nil
V	Units lost in distribution as a percentage	N/A
VI	Cost per unit bought	0
VII	Loss in distribution	N/A
VIII	Cost per unit sold (Operating expenditure/iii)	0
IX	Income per unit sold (Operating income/iii)	0

c) Sundry Statistics

I	Area in KM squared	852000 Km
II	Previous election number of registered voters	41950
III	Building Survey-number of building plans passed	0
	Value of building plans passed	0
	Number of inspections performed	0
	Plan fees	0
IV	Cleansing : Refuse removed and dumped	No sites
V	Roads & works: Km of roads constructed/ repaired	0km
VI	Housing: Number of houses	0

d) Other

I	Total Number of Wards	12
II	Total Number of Councillors	23
III	Total number of voting district	
IV	Number of employees	48
V	Number of police stations	1
VI	Number of Medical Facilities	4
VII	Number of Schools	30